

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 589 – SB 875

April 4, 2017

SUMMARY OF ORIGINAL BILL: Establishes that a home-rule municipality is authorized to levy, by one or more ordinances, a hotel occupancy tax not to exceed an aggregate of five percent of the consideration charged by the operator.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (006852): Deletes and replaces language of the original bill to establish that the proposed authorization only applies to Memphis.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- Under current law, pursuant to Tenn. Code Ann. § 67-4-1402(a), each home-rule municipality is authorized to levy by ordinance a hotel occupancy tax not to exceed five percent of the consideration charged by the operator.
- There are 14 home-rule municipalities in the state, with Memphis being one of them.
- The Tennessee Advisory Commission on Intergovernmental Relations' 2016 study (*Structuring Lodging Taxes to Preserve the Economy and Encourage Tourism*) reports that the hotel occupancy tax rate in Memphis is 1.7 percent.
- The proposed bill as amended clarifies that Memphis may adopt more than one ordinance to levy a hotel occupancy tax if the aggregate tax does not exceed five percent of the consideration charged by the operator.
- It is assumed that the bill as amended is clarifying the current law and will not result in any subsequent increases in tax rates that would not have occurred otherwise under current law. Any impact on local government revenue is estimated to be not significant.

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CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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